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C O N F I D E N T I A L SECTION 01 OF 02 JERUSALEM 001501

SENSITIVE SIPDIS

NEA FOR FRONT OFFICE AND IPA; NSC FOR SHAPIRO/KUMAR; DEPT PASS TO USAID FOR BORODIN, JOINT STAFF FOR LTGEN SELVA, TREASURY FOR AHERN

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TAGS: <u>EINV EAID ECON KWBG KPAL PGOV PREL IS</u>
SUBJECT: PA RELEASES TWO-YEAR PLAN FOR STATEHOOD

Classified By: Consul General Jake Walles, for reasons 1.4b and d.

11. (SBU) Summary: On August 25, the PA released a two-year plan for statehood that accepts the PLO's international obligations and commitments, endorses the two-state solution, and vows to establish the apparatus of an independent State of Palestine. It stresses that achieving a state in two years is "not only possible, it is essential," and calls for an immediate end to the occupation. The document is a comprehensive effort to lay out the vision of a Palestinian state with a ministry-by-ministry review of priorities and programs. It includes a foreword by Prime Minister Salam Fayyad, which emphasizes that the State of Palestine will be "a peace-loving state that rejects violence, (and) commits to co-existence with its neighbors." End summary.

The Vision

- 12. (SBU) The plan, "Palestine: Ending the Occupation, Establishing the State," is the product of a consultative process involving PA ministers, and was delivered to President Abbas on August 17. PM Fayyad describes it as a political document with some technical detail, intended to give broad policy direction. The plan lays out a vision of a democratic State of Palestine with full sovereignty over the West Bank and Gaza on the 1967 borders, with Jerusalem as its capital. The State would be founded on principles of political pluralism, equality, religious tolerance, and protection of rights, and governed by the rule of law, with an independent judiciary and professional security services as essential components of the state.
- ¶3. (SBU) The document is accompanied by a foreword written by PM Fayyad, which states that the government is determined to preserve and advance the two-state solution through "full commitment to the Palestine Liberation Organization (PLO) program." In his vision, "Palestine will be a peace-loving state that rejects violence, commits to co-existence with its neighbors, and builds bridges of cooperation with the international community."

International Commitments

14. (SBU) The document states that the Oslo Declaration of Principles of 1993 "affirmed the willingness of the Palestinian people to reach an historic compromise to end the occupation of the Palestinian territories since 1967, and secure Palestinian self-determination in an independent, sovereign state with Jerusalem as its capital." It notes the PA's "readiness to enter peace negotiations with Israel on the basis of UN Resolutions 242 and 338," and the "two-state"

solution in line with relevant international resolutions."

National Goals: End the Occupation; Unity; and Jerusalem

- 15. (SBU) The plan reiterates the current government's commitment to the political platform of the PLO, "including all its components and obligations and all of its bilateral and multilateral agreements," and it lists a series of national goals. First and foremost is to end the occupation. The plan notes that "despite commitments by the PLO and the PA to all previous agreements signed with Israel, the occupation, colonization and cantonization of (the) land have persisted and gathered pace." It also charges the current government with responsibility for ending the political fragmentation and restoring national unity.
- 16. (SBU) The document emphasizes the Palestinian connection to Jerusalem, characterizing it as "our people's religious, cultural, economic and political center." It stresses that Jerusalem is "under threat," from a "systemic plan to alter the city's landmarks and its geographical and demographic character in order to forcibly create facts on the ground, ultimately separating it from its Palestinian surrounding and eradicating its Arab Palestinian heritage." The government vows to work to preserve the landmarks of Jerusalem, secure its contiguity with its Palestinian surroundings, as well as to support education, health, and cultural activities, reopen Palestinian institutions, and defy house demolition and eviction orders.
- 17. (SBU) On refugees, the plan states clearly the JERUSALEM 00001501 002 OF 002

government's position that the issues of refugees will be addressed in the final status negotiations, and the issue will be handled by the PLO. Other national goals in the plan include: the release of prisoners; economic independence and prosperity; security; and good governance.

Sector Priorities, Policies, and Programs

- 18. (SBU) This section is divided into four categories: governance; social development; economy; and infrastructure; and spells out the key objectives and activities of each PA ministry or institution in order to achieve a modern state. Under "Governance," the plan details the need to create structures and procedures of a state, including in the public administration, justice, and security sectors. The "Social Development" section notes the cohesiveness of Palestinian society, and aims to preserve and promote equal opportunities for the people. Under "Economy," the focus remains on political pressure on the GOI to remove obstacles to economic development, and the creation of an enabling investment environment. "Infrastructure" is characterized as a means to bring about social and economic development, and to deliver services.
- 19. (SBU) PM Advisor Hasan Abu-Libdeh told Econoff on August 21 that, while this plan provides the conceptual basis for statehood, there is a great deal of work and restructuring to be done going forward, which is not necessarily detailed in the paper. PM Fayyyad has also told us that he instituted a requirement for every ministry to develop a manual of procedures for both internal and external affairs.
- 110. (U) "Palestine: Ending the Occupation, Establishing the State," along with the foreword by PM Fayyad, is available on the unclassified website:
 www.intelink.gov/communities/state/palecon.

Comment

111. (C) The significance of this document is that, for the

first time, the PA has set out a comprehensive plan of national priorities and institutional development leading to statehood. In Fayyad's concept, this plan for statehood is not intended to supplant the negotiating process, but rather to complement it by ensuring that the Palestinians are ready to run a state if negotiations produce a two-state solution. The document also serves as the vehicle by which the PA accepts the Quartet Principles through its commitment to the PLO program, "including...all of its bilateral and multilateral agreements," which incorporate the PLO's recognition of Israel and its renunciation of terror and violence. This is the same formula used by the preceding 13th Government headed by Fayyad.
WALLES